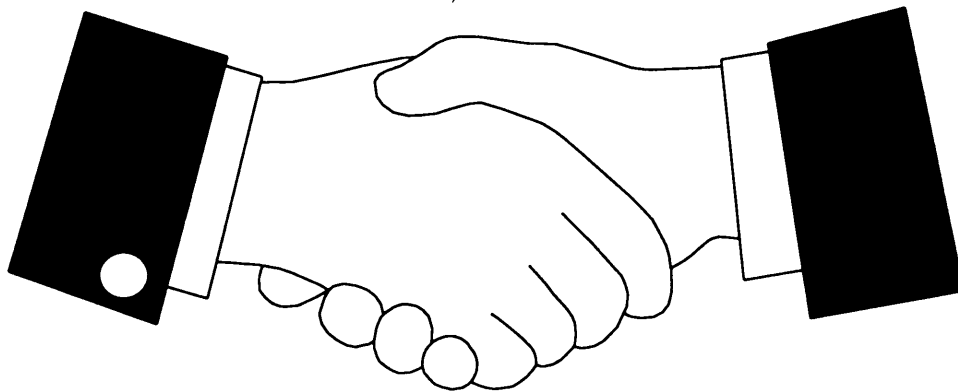


**US Army Corps
of Engineers**
Omaha District

DM 415-1-4
1 OCT 1996

Contract Administration

Fixed Price



Construction Division
Contract Administration Branch

DEPARTMENT OF THE ARMY
Corps of Engineers, Omaha District
215 North 17th Street
Omaha, Nebraska 68102

DM 415-1-4

CEMRO-CD

Memorandum
No. 415-1-4

1 October 1996

Construction
CONTRACT ADMINISTRATION

1. Purpose. This memorandum serves as a guide and establishes recommended procedures to be used by the field offices in the administration of construction contracts. It will cover functional areas that deal with contract modifications, funds management, construction claims, progress payments, contract close-out and NAF procedures.
2. Applicability. This memorandum applies to the District Construction Division and the area, resident and project offices in the day-to-day administration of firm fixed price (FFP) construction contracts.
3. References. This memorandum uses the FAR, FAR supplements, construction bulletins and other interpretations as the basis for its contents. The examples used throughout the memorandum are taken from the files of completely executed contracts in the District and field offices.
4. Policy and Objectives. It is the standard policy to administer all construction contracts with established procedures using the applicable laws, acts and regulations as a basis for such procedures. The objective of this memorandum is to explain how the field offices can conform to such policy.

FOR THE COMMANDER:



THOMAS D. STRICKLIN
LTC, EN
Deputy Commander

7 APPENDICES
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This memorandum supersedes DM 415-1-4 dated 1 Oct 88.

Construction
CONTRACT ADMINISTRATION

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APPENDIX A

THE DOCUMENTS

1. Contract Clauses. There are about 400 contract clauses listed in Part 52 of the FAR. Of those, over 100 are included in the "boiler plate" of construction contracts. We will only address the contract clauses that deal with the functional areas covered in this memorandum and are in primary need of discussion, as follows:

a. Changes (FAR 52.243-4). This clause gives the CO or the ACO the authority to make changes to the contract documents and is the clause under which most of our modifications are executed. It states that the CO may, at any time, make changes to the work within the general scope of the contract and that he will make an equitable adjustment to the contract price and time if necessary. This clause also covers any directive to accelerate the work to maintain the contract completion date.

b. Default (Fixed-Price Construction) (FAR 52.249-10). This clause states that, if the contractor fails to complete the work in the specified time, he may be terminated for default and the Government may take steps to have another contractor finish the job. However, this clause also allows the CO to grant a time extension for numerous unforeseeable causes that would exempt the contractor from default. These include two that we are primarily interested in, strikes and unusually severe weather. This clause can only give time; any costs incurred by the contractor resulting from these unforeseeable causes cannot be paid by the Government.

c. Differing Site Conditions (FAR 52.236-2). This clause provides for payment for: 1) site conditions encountered that differ greatly from that shown on the contract, or 2) any abnormal conditions encountered that are not shown on the contract. Upon receipt of a timely written notice of such changed conditions, the contract can be modified under this clause to equitably change the cost and/or time, if necessary.

d. Suspension of Work (FAR 52.212-12). This clause pays all of the contractor's costs (excluding profit) incurred as a result of the Government's action that unreasonably prevents or delays the contractor from proceeding with his work. This clause allows for payment of costs only. Time is added under the Default clause.

e. Variation in Estimated Quantities (FAR 52.212-11). This clause limits the overruns and underruns of the estimated quantities on the bid schedule to 15 percent before adjustment to the bid unit price can be accomplished. In the event of an overrun or an underrun, either the Government or the contractor can request an adjustment to the unit price. If the estimated quantity is an overrun, the Government can request the bid unit price be decreased to reflect the spreading of the fixed costs over a larger quantity thereby reducing the cost of each unit. If, however, there is an underrun of quantities, the contractor may request an upward adjustment to the unit price because the fixed costs are spread out over fewer units. In the absence of a demand by either party, an adjustment is not required.

f. Value Engineering-Construction (FAR 52.248-3). This clause allows the Government and the contractor to share in the instant contract savings resulting from a contractor suggested change that would result in a functionally equal product for a lower cost.

g. Termination for Convenience of the Government (Fixed-Price) Alternate I (FAR 52.249-2). This clause gives the Government the authority to terminate the contract, all or in part, if and when it is considered to be in the best interest of the Government to do so. To be administratively correct, the CO must obtain approval from higher headquarters before taking such action.

2. Definitions.

a. A change order is a unilateral modification or the first part of a two-part modification. It is used to order the modification work to commence (NTP) and may be negotiated and result in execution as a bilateral modification.

b. A contract modification can either result from a bilateral agreement, executed with a signature from both the contractor and the Government, or a unilateral action (a change ordered by the CO or ACO, for which only the Government's signature is required). The contractor can dispute the unilateral action, however.

c. A "supplemental agreement" is used to add work to a contract that is outside the general scope of the contract and cannot be initiated without a Justification and Approval (J & A). By definition a supplemental agreement must be bilateral.

d. A unilateral modification is a change that is directed by the CO or ACO and does not require the signature of the contractor. This is used to issue administrative changes and to direct work when a settlement on price and/or time cannot be reached.

e. A "two-part" modification is a change that directs the contractor to do the work before the final price and time are settled. The first part is a change order containing a scope of work and a statement directing the contractor to proceed. It further limits the cost of the modification to a Not to Exceed amount and states that a Supplement will be issued containing the final price and time.

f. Administrative Modification. FAR 43.101 defines an administrative modification as a unilateral contract change that does not affect the substantive rights of the parties. The most common are changes to the paying office or changes to the appropriation data. An administrative mod can also be written for other changes to the non-technical contract provisions that are administrative in nature and do not affect either price or time.

3. Authorities and responsibilities for the administration of the construction contracts assigned to the Construction Division are passed down to the area and resident offices for execution in the field. A brief description of the authorities and responsibilities of the people involved with modifications, follow:

a. The Contracting Officer (CO) is located in the District Office in the Contracting Division; is the sole authority on the contract; normally warrants Administrative Contracting Officer authority to the Area Engineer and the Office Engineer in the Area office.

b. The Administrative Contracting Officer (ACO) is given the authority to direct additional work by written order under the contract clauses up to the dollar amount as directed by the warrant; is the contractual authority in the Area Office and has the responsibility to solve the day-to-day contract and administrative problems.

c. The Authorized Representative of the Contracting Officer (COR) is the technical advisor to the CO; represents the Government on certain technical matters; has the authority to make and communicate to the contractor, contract interpretations in the field.

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d. The Resident Engineer (RE) supervises the Government Quality Assurance Program and ensures that the Contractor Quality Control (CQC) Program is functioning properly; is usually COR on specified contracts.

e. All other Government employees in the field are void of authority to change the contract. They, the project engineers and construction representatives, do have responsibility for quality assurance under the Contractor Quality Control (CQC) Program which is defined and discussed in a separate memorandum.

4. Modification Documents. The modification process is a very complicated but necessary system designed to ensure that changes are not ordered without adequate funds and, when changes are ordered, the process is intended not to hinder the progress of the project. The area offices are responsible for the processing of the modifications to contracts that are assigned to the Construction Division. Following are explanations and examples of documents that are necessary to complete the modification packages:

a. Request for Proposal. The RFP is the document that is sent to the contractor to communicate the changes that are to be made and asks the contractor to submit a cost and time proposal in sufficient detail for analysis and negotiations. It consists of a scope of work, drawing changes, and specification changes that describe in detail how the contract documents are being changed by this modification. It is forwarded by a transmittal page that tells the contractor the date we expect him to forward his proposal. The RFP does not direct the contractor to do any work, it merely asks him to submit a proposal.

(1) The transmittal page is the notice to contractor on use of RFP. Along with the RFP it forwards a page 2, entitled "Contractor's Proposal" and requires the proposal to be submitted in accordance with the Modification Proposal - Price Breakdown clause by a certain date, usually two to four weeks from the RFP date.

(2) The RFP asks the contractor to submit a price and time proposal for the changes described therein.

(a) The item, "scope", is the general title of the entire modification and is not intended to describe any work to be done. This title, word for word, is used as the scope on the RFP and on page 2 of the SF30, as the pay item description on the SF30, and in CMS or any other status reports.

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(b) The specification changes must be stated in a manner such that, when posted to the contract specification section, a complete and coherent document remains.

(c) The drawing changes can be made in several ways and are listed following in order of preference. (1) A narrative description of the change that is made on a drawing. (2) A sketch showing how a particular area on a drawing is changed. (3) A reissuing of a revised drawing with identifying marks where the changes were made on the drawing. (4) The issuing of a new drawing.

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NOTICE TO CONTRACTOR ON THE USE OF REQUEST FOR PROPOSAL

Building Constructors, Inc.
P.O. Box 0001
Omaha, Nebraska 68102

CONTRACT NUMBER:
DACA45-94-C-0164

MODIFICATION NUMBER
P00018

SAMPLE

1. The attached Request for Proposal is for use in requesting proposals on changes under the Changes clause of your contract.
2. It is requested that your proposal on page 2 entitled Contractor's Proposal be submitted no later than 15 June 1995. A detailed breakdown of your proposal is required by the Contract Clause, "Modification Proposals - Price Breakdown." If the space on the form is insufficient, the breakdown may be submitted on separate sheets. Please note that if a time adjustment is proposed, justification must be furnished.
3. The original and one copy of the proposal form should be signed at the bottom of page 2, dated, and returned to the Corps of Engineers, Black Hills Area, 2100 S. 7th Street, Suite L-17, Rapid City, SD, 57701.
4. Negotiations, if necessary, will be scheduled following receipt of your proposal. When this modification is finalized it will be executed on a Standard Form 30.

Figure A-1

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CONTRACT MODIFICATION REQUEST FOR PROPOSAL

CONTRACTOR
NO.

CONTRACT NO.

MOD

DACA45-93-C-0198

P00018
Building Constructors, Inc.
P.O. Box 0001
Omaha, NE 68102

ADAL Physical Fitness Center
Grand Forks AFB, ND

A proposal is requested for making the hereinafter described changes in accordance with the specification and drawing revisions cited herein or listed in attachment hereto. Submit your proposal in a detailed breakdown of the prime and subcontract costs. (See the clause of this contract entitled "Modification Proposals - Price Breakdown") DO NOT start work under this proposed change until you receive a modification signed by the Contracting Officer or a directive to proceed.

12 January 1995

Lawrence C. Jackson

Signature

1. SCOPE: Revise Sauna Heaters

2. SPECIFICATION CHANGES: Specification Section 13052:

2.1 Paragraph 2.2.1, replace with the following, "HEATER UNITS shall be 2000 BTU"

3. DRAWING CHANGES: None.

***** END*****

Figure A-2

A-7

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b. The Price Negotiation Memorandum (PNM) is made up of three parts: the necessity for change, the reason for change and the record of negotiations. Examples of the different PNMs are included with each of the modification types later in this memorandum.

(1) Necessity for change should be a complete explanation of why the change has to be made and a brief description of the problem and how the modification is going to correct it.

(2) The reason for change for each modification is a short title picked from a standard list:

A = ADMINISTRATIVE MOD	GFE = GOVERNMENT FURNISHED EQUIP
CC = CRITERIA CHANGE, NOT DUE TO NEW LAW	OPT = CONTRACT OPTION
CCL= CRITERIA CHANGE, DUE TO NEW LAW	TES = EXCUSABLE DELAY
CS = SUSPENSION OF WORK	TEW = TIME EXTENSION-WEATHER
DD = DESIGN DEFICIENCY	US = SUSPENSION OF WORK
DDA= DESIGN DEFICIENCY A/E LIAB EXISTS	USC = UNFORESEEN SITE CONDITION
DDX= DESIGN DEFICIENCY NO LIAB	USR = USING SERVICE REQUEST
DSC= DIFFERING SITE CONDITION	VE = VALUE ENGINEERING CHANGE
V = VARIATION IN EST QUANTITY	

(3) Record of Negotiations is a complete history of who attended the negotiations; when and where the negotiations were held; the history of the submission of the contractor's proposals and how they affected the negotiations and how the final price and time was negotiated with specific references to the negotiation objectives, if appropriate. Also, there should be a statement, signed and dated by the Government negotiator, that the price and time represent a fair and reasonable settlement.

c. Government Estimate (GE). This is a document prepared to show what the Government estimates the cost of the change to be. This can also include an estimate of the time it will take to complete the modification work when incorporated into the contractor's schedule. The preparer and approver must sign and date the GE. Following is a discussion on the costs that are considered allowable in the preparation of the Government estimate for use in modification price negotiations. These costs are for labor, material, equipment, overhead, other costs and profit.

(1) Labor costs are allowed as the number of manhours that each craft will take to do the work based on estimating guides, historical data, or a specific task time-and-motion study. The hourly rate for each craft is based on certified payrolls, Davis-Bacon rates, estimating guides or historical data.

(2) Material costs are allowed as the bottom-line cost to the contractor based on estimating guides, quotes from suppliers or historical data. The cost of the material must include all reductions for discounts, rebates, etc., that the contractor receives or will receive from the supplier.

(3) Equipment costs are allowed if they are required to perform work that is a part of the modification and are allowed only for the hours it is estimated to take to do the work. The requirements are specified in the special clauses of the contract; the Equipment Ownership Guide (EP 1110-1-8) will be used to price the owned equipment and, if the equipment is rented, a phone call to a local equipment renter would be appropriate.

(4) Overhead is an indirect cost and it is called Home Office Overhead or G & A. It is not readily identifiable to any task connected to the modification work, yet it is a cost that is allowable and is paid as a percent of cost of the modification.

(5) Other allowable costs include extended overhead costs, which are time-related direct costs involved with the operation of the job site and are paid as a daily rate only if the contract time is extended; small tools, which usually is paid to subcontractors as a percent of labor; additional bond, which is paid as a percent of the price of the modification.

(6) Profit is calculated using the weighted guidelines method that is explained in a Special Clause of the contract

<u>Factor</u>	<u>Rate</u>	<u>Weight</u> (.03-.12)	<u>Value</u>
Degree of Risk	20	.05	1.00
Rel. Difficulty of work	15	.10	1.50
Size of Job	15	.08	1.20
Period of Performance	15	.08	1.20
Contractor's Investment	5	.05	0.25
Assistance by Government	5	.05	0.25
Subcontracting	<u>25</u>	.10	<u>2.50</u>
	100		7.90

Based on the circumstances of each procurement action, each of the above factors shall be weighted from .03 to .12 as indicated below. The value shall be obtained by multiplying the rate by the weight. The value column when totalled indicates the fair and reasonable profit percentage under the circumstances of the particular procurement.

(1) Degree of Risk - where the work involves no risk or the degree of risk is very small, the weighting should be .03; as the degree of risk increases, the weighting should be increased up to a maximum of .12. Lump sum items will have, generally, a higher weighted value than the unit priced items for which quantities are provided. Other things to consider: the portion of the work to be done by subcontractors, nature of work, where work is to be performed, reasonableness of negotiated costs, amount of labor included in costs, and whether the negotiation is before or after performance of work.

(2) Size of job - All work not in excess of \$100,000 shall be weighted at .12. Work estimated between \$100,000 and \$5,000,000 shall be proportionately weighted from .12 to .05.

(3) Periods of Performance - Jobs in excess of 24 months are to be weighted at .12. Jobs of lesser duration are to be proportionately weighted to a minimum of .03 for jobs not to exceed 30 days. No weight is given where additional time is not required.

(4) Contractor's Investment - To be weighted from .03 to .12 on the basis of below average, average and above average. Things to be considered: amount of subcontracting, mobilization payment item, Government furnished property, equipment and facilities, and expediting assistance.

(5) Assistance by Government - To be weighted from .12 to .03 on the basis of average to above average. Things to consider: use of Government-owned property, equipment and facilities, and expediting assistance.

(6) Subcontracting - To be weighted inversely proportionate to the amount of subcontracting. Where 80 percent or more of the work is to be subcontracted, the weighting is to be .03 and such weighting proportionately increased to .12 where all the work is performed by the contractor's own forces.

d. Time analysis. The specification requires that the contractor submit a schedule in great detail of how the project will be built and how it will be progressed during the course of the contract. Periodic progress updates are required. This schedule is usually to be prepared in the form of a computer generated NAS or sometimes a bar chart.

(1) Whatever the required format, we can use this schedule to determine if the contractor is due a time extension because of the work added by a modification. A Special Clause in

Section 01100, usually clause 27, spells out the requirements for the schedule.

(2) When a modification is issued, we can insert the time it will take to perform the work into the proper activities and determine if the schedule is affected by our change and to what extent. If the contract time is extended by the modification work, it is justified then to add time to the contract by that modification.

(3) There are many ways to analyze the schedule and each Area should establish an acceptable procedure to do so taking into account the sophistication of the schedule and the people available to perform the analysis.

e. A Technical Analysis explains, to non-technical people, what the change is technically all about. This is accomplished by describing the changes that are being made, the crafts that are involved, and comparing the GE to the contractor's proposal and noting the major differences. The use of a computer generated spreadsheet has become very useful in making the analysis. By setting up all the cost items from the contractor's proposal and entering the GE costs on the same item lines, a direct comparison can be made as to the costs, item by item, and the negotiation objectives can be easily determined. FAR 15.801 defines Technical Analysis as the examination and evaluation by personnel having specialized knowledge in engineering or management of proposed quantities and kinds of materials, labor, facilities and associated factors set forth in a contractor's proposal in order to determine and report on the need for and reasonableness of the proposed resources assuming reasonable economy and efficiency.

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ADAL Sewage Lagoon/ Upgrade Lift Station Minot AFB, ND	CONTRACT DACA45-93-C0198	MODIFICATION NO. P00010
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The following analysis was made using the price analysis spreadsheet:

Building Constructors, Inc. Markups

SAMPLE

Overhead.

The contractor's proposed overhead rate of 9.07% is based on previous modifications and was established from his financial statement for year ending 31 March 1993.

Profit. The contractor's proposed profit rate of 10% is considered fair and reasonable when compared to the same 10% rate established by the weighted guidelines calculations shown on the spreadsheet.

Bond. The contractor's proposed bond rate of 0.50% is the actual bonding rate that he will be charged for additional work on this contract. The bond rate is shown on SF-25 "Performance Bond" form submitted at time of award.

Item 1. Credit for Work Deleted in Cell 6.

This item of the modification is to credit the Government for the reduced excavation for cell 6 since it has been raised a foot. It also credits the Government for the reduced length of clay liner, dike fill, riprap, bedding, geotextile fabric and surface course associated with the reduction in size of cell 6.

Topsoil Removal, Clay Removal, Dike Revisions. The contractor's total quantity of 63,819 cubic yards of dirt work deleted closely matches those in the Government estimate (61,626 cubic yards). The contractor's unit prices are substantially lower than those in the Government estimate. The Government estimate unit prices was based mostly on Means. An other estimate was done on the unit prices using the Caterpillar Performance Handbook, edition 17. This book has productivity rates for the CAT 637E push-pull scrapers that the contractor is using. The productivity rates are calculated based on the haul distance, type of soil be moved and the condition of the haul road. Using this calculated productivity rate, the Davis-Bacon wage rate and the equipment rate out

Figure A-3

of EP 1110-1-8, volume 4, an excavation unit price range of \$0.60/cy to \$0.72/cy, depending upon the average number of minutes per hour the scrapers are running. Based on this, the contractor proposed credits of \$0.69/cy for short haul, \$0.93/cy for long haul, and \$0.94/cy for clay removal. A similar comparison was made with the top soil replacement.

Riprap, Riprap Bedding, Fabric.

These items were missed in the Government estimate. The contractor's quantities appear to be correct but the unit prices are too low when compared to Means and the original contract Government estimate. The contractor has already installed riprap, bedding and fabric on other cells and will be required to furnish actual productivity rates from those cells as well as material invoices.

Clay Liner.

This was missed in the Government estimate. The contractor proposed a quantity of 12,333 cubic yards and was verified to be correct as was the contractor's unit price of \$1.45/cy for installation. This clay for the liner would have come from the material excavated for the cell.

Restore Ditches.

The contractor has already restored the dewatering ditches that he had previously constructed. The contractor would have removed the spoils for the ditches under the dirt work being credited above, but now has to fill in the ditches. The Government's project engineer confirmed that the work did take approximately 20 hours and that he did use a John Deere 850 LPG bulldozer.

Additional Seeding.

The area of cell 6 that is being deleted would not have been seeded but be covered with a clay liner. The contractor had disturbed the area constructing the dewatering ditches that are being restored above. The contractor's proposed price of \$1,500 is reasonable based on the area of land that has to be reseeded.

Item 2. Raise Cell 5 Dike.

The costs under this item are for raising the dike elevation one foot. The dike will have surface course applied to the top and on the slope down to the existing riprap.

The contractor's quantity of 3,010 cubic yards is reasonable when compared to 2,996 cubic yards in the Government estimate. The contractor's proposed total cost for this item of \$11,868 is also

Figure A-3 (Cont.)

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APP A
1 Oct 96

fair and reasonable when compared to the \$12,937 in the Government estimate. The contractor's proposal is based on installing the pipe in the dewatering ditch that he has excavated as part of his efforts to dewater the wet soil. This causes the backfill and pipe bedding quantities to be substantially higher than assumed in the Government estimate.

The contractor has indicated that he can install this new transfer line between cells 5 and 6 at the new invert elevations with increasing the pipe length and has not shown any additional cost. Based on this information, no additional cost is justified.

The contractor's proposed total cost for this item of \$5,264 is excessive when compared to the \$1,566 in the Government estimate. The contractor needs to submit a detailed breakdown to substantiate his proposed costs.

The Government estimate quantities were derived by taking a section through the dike and ditch at 100' intervals. The cross-sections and calculations are shown in the Government estimate.

The contractor's proposed quantity of 3,016 cubic yards of additional fill does not come close to the 215 cubic yards in the Government estimate.

The additional excavation quantity of 9,197 cubic yards also does not match the 2,605 cubic yards in the Government estimate.

Additional Topsoil and Additional Seeding.

The contractor's quantities on these items are no doubt tied to the quantity of additional ditch excavation.

The contractor needs to submit a bill or invoice to justify the Extra Fabric Freight proposal.

Surveying. The contractor needs to submit an invoice from the surveyor to substantiate the amount requested. The Government's project engineer has confirmed that the contractor's surveyor had previously laid out and slope staked the ditch for cell 6 based on the original design.

The contractor's lump sum proposed cost of \$11,448 appears to be excessive when compared to any reasonable dewatering effort.

*****END*****

Figure A-3 (Cont.)

f. Negotiation Objectives are a list of the items that should be discussed during negotiations, what the negotiated fair and reasonable price should be for those items, and more importantly what the negotiated fair and reasonable price is for the entire modification.

(1) FAR 15.807 states that negotiation objectives help judge the reasonableness of the contractor's proposal and negotiate a fair and reasonable price. Negotiation objectives shall analyze the contractor's proposal, taking into account any audit report, technical analysis and other pertinent data such as independent GE and price histories.

(2) It is our policy that negotiation objectives shall be established before the negotiation of any modification and shall address the issues to be negotiated, the costs objectives and a profit objective. The depth of the analysis is related to the dollar amount of the modification. Ideally, the negotiator should be able to establish a set of negotiation objectives and, after the negotiation session is over, have a bilateral settlement with a statement in the record that all the objectives were met. It is, however, not necessary to meet each of the objectives as long as the overall, bottom-line objective is met and is considered to be fair and reasonable.

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ADAL SEWAGE LAGOON/ UPGRADE LIFT STATION MINOT AFB, ND	CONTRACT NO. DACA45-93-C-0198	MODIFICATION NO. P00010
--	----------------------------------	----------------------------

The following negotiation objectives follow the same order as they were presented in the Technical Analysis in tab 7.

Building Constructors, Inc. Markups
Accept the contractor's proposed overhead rate of 9.07%, profit rate of 10% and bond rate of 0.5%.

Item 1. Credit for Work Deleted in Cell 6.

SAMPLE

Topsoil Removal, Clay Removal, Dike Revisions.
Accept the contractor's proposed cost credits for these items.

Riprap, Riprap Bedding, Fabric.

These items were missed in the Government estimate. The contractor's quantities appear to be correct but the unit prices are too low when compared to Means and the original contract Government estimate. The contractor has already installed riprap, bedding and fabric on other cells and should be able to furnish actual productivity rates from those cells as well as material invoices.

Clay Liner.
Accept the contractor's proposed credit of \$17,882.

Restore Ditches.
Accept the contractor's proposed cost of \$1,179.

Additional Seeding.
Accept the contractor's proposed cost of \$1,500.

The contractor's proposed total cost Raise Cell 5 Dike of \$11,868 is also fair and reasonable and can be accepted.

Have the contractor submit a breakdown of the pipe installation line item and submit quotes or purchase orders for the materials. The contractor also needs to submit calculations for the backfill quantities.

Have the contractor submit a detailed breakdown for Cell 5 Discharge Pipe.

Figure A-4

Accept the contractor's proposal for Cell 6 Transfer Line.

Item 4. Cell 4/5 Transfer Lines.

Have the contractor submit a detailed cost breakdown along with material quotes or invoices. The cost objective for this item is the \$1,566 add in the Government estimate.

Item 5. Raise Cell 6 Dike/Revise Ditch.

The cost objective for this item is the \$9,118 add in the Government estimate.

Hold discussions with the contractor to determine if he fully comprehends the scope of this item and to see how he computed his quantities. The contractor's proposed unit prices will be accepted.

Additional Topsoil and Additional Seeding.

This item will have to be resolved after the ditch excavation quantity is agreed upon.

Item 6. Additional Field Office and Miscellaneous.

Fabric Extra Freight.

Require that the contractor submit a bill or invoice to justify this proposed cost.

Surveying.

Have the contractor submit an invoice from the surveyor to substantiate the amount requested.

Dewatering Cell 5.

The contractor has to send in a proposal for this item that shows labor, equipment and any materials. The contractor's lump sum proposal is not adequate and the proposed cost of \$11,448 is unrealistic.

Subcontractor Markups.

Overhead.

Accept the contractor's proposed overhead rate of 7.85%.

Profit.

The contractor's proposed overhead rate of 10% is acceptable.

Bond.

Use the contractor's proposed bond rate of 0.87%.

Figure A-4 (Cont.)

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Item 7. Cell 5 and 6 Discharge Pipe Headwalls.
Hold discussion needs to be held with the subcontractor to discuss the scope and a revised proposal needs to be submitted that shows the quantities.

Item 8. Cell 5 Discharge Structure.
The negotiation objective for this item is reduce the contractor's proposed cost to the Government estimate amount of \$35,207.

Labor.
This cost is substantially less than the \$9,485 in the Government estimate and needs to be broken down to ensure that the subcontractor has not missed any scope items.

Equipment.
Reduce the hours for the backhoe to 40.

SAMPLE

Material.
Have the contractor support this cost by submitting purchase orders or quotes for the materials for this structure or for the cell 6 discharge structure.

Item 9. Cell 4/5 Transfer Lines Concrete Pads.

Time.
Have the contractor agree to no time extension and submit a subnet for this work.

26 August 1994
Prepared By:
BRET T. BUDD, PE
Civil Engineer/ Negotiator SIGNATURE:

26 August 1994
Approved By:
LAWRENCE C. JACKSON, PE
Supervisory Civil Engineer SIGNATURE:

Figure A-4 (Cont.)

g. The Modification Cover Sheet is a document that is required on modifications with an aggregate proposed costs over \$250,000. The Omaha District Contract Review Board must approve all modifications over \$250,000. For this purpose the "Modification Cover Sheet" was developed. It also serves as a check list for the documentation that is required to be included in the modification package.

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MODIFICATION COVER SHEET
Construction Contract Modification
Over \$250,000

CONTRACT DACA45-94-C-0192
MODIFICATION P00005

Rocky Mountain Area
Multi-purpose Range Complex
Ft Carson, CO
Federal Construction Co.

Description of Work: Remove and replace material under foundations and compact to specified density.

Settled Price: \$112,234
Settled Time 90 Days

Negotiator: Wm. Weaver, CET Telephone: 719/574-0441

Approved By: _____ DATE: 12 Nov 94
John Hetager, Team Leader

Contract Review Board Approval:

Construction Division _____	Date _____
Engineering Division _____	Date _____
Office of Counsel _____	Date _____
Contracting Division _____	Date _____
Contracting Officer _____	Date _____

Documentation
Standard Form 30
Price Negotiation Memorandum
Certificates (Lobbying & Procurement Integrity)
Technical Analysis
Negotiation Objectives
Government Estimate
Contractor's Proposal
Request For Proposal
Miscellaneous:

Tab No.

1
2
3
4
5
6
7
8

Additional Comments/Special Instructions

Figure A-5

h. Certificate of Current Cost or Pricing Data. Certain certifications have been required to be included in the modification package for the past number of years, based on an interpretation by District Office of Counsel. These certifications are Lobbying, Procurement Integrity and Cost and Pricing. By Guidance Memorandum CA-95-004, dated 18 May 1995, the Procurement Integrity and Lobbying certificates are "no longer" required on in-scope changes. The only one left is the Certificate of Current Cost or Pricing Data which is required only on modifications over \$500,000.

CERTIFICATE OF CURRENT COST OR PRICING DATA

This is to certify that, to the best of my knowledge and belief, the cost or pricing data (as defined in section 15.801 of the Federal Acquisition Regulation (FAR) and required under FAR subsection 15.804-2) submitted, either actually or by specific identification in writing, to the Contracting Officer or his representative in support of Modification P00006 to contract DACA45-93-C-0097*, are accurate, complete and current as of 29 December 1993**. This certification includes the cost or pricing data supporting any advance agreements and forward pricing rate agreements between the offeror and the Government that are part of the proposal.

FIRM: BUILDING CONSTRUCTORS, INC.
NAME: FRED JONES
TITLE: PRESIDENT
SIGNATURE: _____
DATE OF EXECUTION: 30 December 1993***

* Identify the proposal, giving the appropriate modification and contract number.

** Insert the date when negotiations were completed and agreement was reached.

*** Insert the date of signature, which should be as close as practicable to the date when the agreement was reached.

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i. A Contractor's Statement of Release, otherwise called the exclusion clause, is required on all settled modifications to close the transaction. FAR 43.204(c)(2) prescribes a release clause for contract modifications. The FAR statement doesn't exactly fit the construction contract modification situation. The meaning and intent of the clause is maintained and the clause is rewritten and becomes the last paragraph on the SF30, thusly:

"It is understood and agreed that the adjustment to the contract price and time for performance set forth herein is inclusive of all costs and delay(s)' incurred by the contractor as a consequence of this modification. Such costs include, but are not limited to, those for labor, materials, equipment, delay, labor inefficiency, extended field overhead and extended and/or unabsorbed home office overhead. Notwithstanding the foregoing, costs incurred by the contractor as the result of the cumulative effects of the issuance of modifications are not included herein."

5. Required Documents. The required documentation is based on the price of the individual modification and is tabulated and explained, following:

	<u>MODIFICATION AMOUNT</u>		
	<u>UNDER \$25K</u>	<u>\$25K to \$500K</u>	<u>OVER \$500K</u>
Marked-up Contractor's Proposal.....	X	X	X
Independent Government Estimate.....		X	X
Technical Analysis.....		X	X
Price Analysis.....	X	X	X
Negotiation Objectives Memorandum.....		X	X
Modification Cover Sheet.		X(1)	
Certificate of Current Cost and Pricing Data...			X
Audit (SF 1411).....			X

Footnotes:

(1) Modification cover sheet is required on all modifications over \$250,000.

a. Modifications under \$25,000. When the settled price of the Modification is under \$25K, the required documentation is:

(1) The contractor's cost proposal, marked-up to reflect the how the final price was settled.

(2) The necessity for change and record of negotiations will serve as the basis for approval and signature on the SF 30 by the ACO or CO.

b. Modifications over \$25K and under \$500K. The following documents must be in the final modification package for all modifications settled between \$25K and \$500K:

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(1) An independent GE, signed and dated prior to the contractor's proposal, will be used in the cost or price analysis of the proposal.

(2) A contractor's proposal that is less than \$500K and in sufficient detail to allow an adequate cost or price analysis.

(3) A technical analysis of the contractor's proposal that will identify the differences between the proposal and the GE.

(4) A negotiations objective memorandum that itemizes cost differences found in the TA and estimates what a fair and reasonable price would be to settle each of those items.

(5) A modification cover sheet that is used to forward the mod package to the contract review board. It is required on mods over \$250K.

(6) A price negotiation memorandum that identifies the objectives that were met and an explanation for those that weren't.

(7) Modifications prices that are less than \$100,000 can be signed by the ACO and executed in the field. Those over \$100,000 must be prepared for the Contract Review Board and the CO's signature and will be executed in the District.

c. Modifications over \$500,000. In addition to the requirements listed in the paragraph above, we also must have an audit if the contractor's proposal is over \$500,000. We cannot negotiate without the benefit of the audit but we can have scope meetings while waiting for the audit. The request for audit will be sent by Contracting Division. At the conclusion of negotiations when a settlement is reached, obtain a memorandum of understanding and a Certificate of Current Cost or Pricing Data, signed and dated.

(1) If the contractor's proposal is over \$500,000, he must submit a signed and completed SF 1411 along with his proposal. This is the form we use in requesting DCAA to do the audit. They won't do it without it. A letter should be drafted for Contracting Division to send to DCAA requesting the audit. The letter should attach brief descriptions of the contract and the modification and list the items in the contractor's proposal that we want audited.

(2) The audit can be exempt if the prices are based on adequate competition, established catalog or market prices or are set by law or regulation. This is all explained in FAR 15.804-3.

CEMRO-CT

October 5, 1983

SUBJECT: Request for Audit assistance.

Defense Contract Audit Agency
San Fernando Valley Office
6230 Van Nuys Blvd.
Federal Building 2N10
Van Nuys, CA 91408

SAMPLE

1. The U.S. Army Corps of Engineers has a fixed-price construction contract with ABC Construction Co. to construct a hospital at Ft. Carson, Colorado (Contract No. DACA45-82-C-0198). The contract amount is \$68,980,870. A modification (P00007) was issued to the contractor under the Changes clause (FAR 52.243-4) to add masonry support steel that was deleted from a preceding contract. The modification involves masonry and framing work by the prime contractor, and subcontractor work for structural steel fabrication by EXITS Fabricators and steel erection by QTS Erectors. The total contractor's proposed cost of this modification is \$654,980.
2. Cost or pricing data has been received from each of the contractors significantly affected by this modification and the factual items identified on the price analysis spreadsheet are requested to be verified by audit. SF 1411 has been received from each of the contractors listed above.
3. It is requested that the following cost items be verified by audit as identified on the contractor's proposals:
 - a. The Prime Contractor's (ABC Construction Co.)
 - (1) Home Office Overhead proposed rate of 8.3 percent.
 - (2) Extended Overhead proposed rate of \$3200 per day.
 - (3) Bond rate of 1.5 percent.
 - b. The Steel fabrication subcontractor's (EXITS Fabricators)
 - (1) Home Office Overhead proposed rate of 15 percent.
 - (2) Extended Overhead proposed rate of \$600 per day.
 - (3) Shop labor rate of \$22.34 per hour.
 - c. The steel erection subcontractor's (QTS Erectors)
 - (1) Home Office Overhead proposed rate of 15 percent.
 - (2) Extended Overhead proposed rate of \$800 per day.
 - (3) Fabrication labor rate of \$23.45 per hour.

Figure A-6

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4. Point of contact for the technical matters in this request is Mr. John Hetager at 719-555-4343.

5. It is requested that the final audit report be furnished to the Contracting Division, U.S. Army Corps of Engineers, 215 North the Street, Omaha, NE, 68102.

Sincerely,

John Haskell
Contracting Officer

Enclosures

1. Ltr, ABC Const., 12 Jan 86
2. ABC Const. cost proposal
3. ABC Const. SF 1411
4. XYZ Fabricators cost proposal
5. XYZ Fabricators SF 1411
6. QRS Erectors cost proposal
7. QRS Erectors SF 1411
8. Tech Analysis Spreadsheet

SAMPLE

6. Modification Process. There are several other items that must be considered when processing construction contract modifications.

a. The Negotiations. The process leading up to the negotiations consists of the independent preparation of the GE; the spreadsheet comparison of the GE to the contractor's proposal to determine the major cost item differences; revising the GE, if warranted; and finally, establishing objectives to be used in negotiations.

(1) The negotiations are usually conducted over the phone or in the Government office with the intention of reaching an agreement on both price and time, but, there are times the contractor's proposal and the GE are so far apart that the parties cannot settle to the satisfaction of either party. During negotiations it must be kept in mind that the mod must get settled and executed within the available funding limits and the job must not be delayed to avoid schedule impacts.

(2) If all reasonable efforts to settle are futile, the change can be issued as a unilateral modification, but the problems of settling the costs may not go away. The disputed items may have to be faced later as a claim.

b. Credit modifications. Changes that delete work are sometimes hard to settle, not only because the contractor is reluctant to give back the value of the deleted items but even more reluctant to give back the mark-ups (overhead and profit) that accompany the deleted work.

(1) The guidance says that we should expect to receive a credit for deleted items equal to the cost the contractor would have had to pay if it were not deleted and should not necessarily be based on the price the contractor had in his bid. This "would have cost" rule is appropriate for all cost items in a credit modification.

(2) The amount of overhead you can expect to receive from a deleted item of work is what you would have paid if that same item of work were added. That is, if the overhead rate for added work is 5 percent, then the same 5 percent overhead rate should be applied to deleted work. The contractor may be entitled to direct costs that occurred as a result of the credit modification (mod preparation costs, travel, etc.).

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(3) Profit should be computed by the weighted guidelines method just as if it were added, not deleted, work. Some adjustment can be made to allow for the fact that the contractor, because of the high contract price, used a lower profit rate in his bid.

c. In-scope vs. out-of-scope changes. The subject of in-scope vs. out-of-scope changes is one that has many differences of opinion as to how it should be interpreted. The regulation states that the contracting officer can only make in-scope changes under the Changes Clause. Any out-of-scope changes must have approval from higher headquarters. Upon approval, the change is executed as a "supplemental agreement", meaning that both parties have to agree to the terms and conditions of the change before it can be executed. Out-of-scope modifications cannot be issued unilaterally. Issues involving the question of contract scope should be forwarded to the District. Office of Counsel may be called upon for assistance.

d. Brand Name Specification. This procedure is allowed when expedience is crucial to the execution of the change and it follows the intent of the Material and Workmanship clause (FAR 52.236-5). If a proprietary specification is required, appropriate approval must be obtained prior to issuing the modification RFP and, if approved, it must be stated that only the specific named product may be used and no other will be considered, or words to that effect.

APPENDIX B

CONTRACT MODIFICATIONS CHANGES CLAUSE

1. Bilateral modification. Issued under the Changes clause, this is the type of modification for which we are striving. It is forward priced, settled, the completion date is known, the money is obligated and the job is getting done. Allowable delay and/or impact costs are forward priced and included in the settlement and will not have to be considered in the future.

a. The modification is initiated by the District, the Resident Engineer (Field) or by the Using Service. Typically a contractor will submit a "Request for Information (RFI)" or a "Information Request (IR)" to the Corps requesting clarification and/or guidance relative to the interpretation of the contract documents. If the Corps response to the RFI/IR would result in additional cost or time, a modification is initiated. In other instances, a modification is initiated when the Corps receives a Using Service Request to add, delete and/or revise the contract documents.

b. For each modification a budget estimate is prepared, funds are budgeted and drawings and specifications are identified for change. All relevant information including scope, specification changes, drawing changes, classification, necessity for change and estimated cost are input into the Contract Management System. This information is used and relied upon by a number of offices involved in the modification process. It is very important that this information be accurate and current.

c. An RFP is sent to the contractor who is usually given 2 to 4 weeks to submit his proposal. During this time an independent GE is prepared and the budgeted funding is revised, if necessary. Proposal is received and reviewed and appropriate documents are prepared for negotiations. Negotiations are conducted and an agreement is reached on price and time. A Memo of Understanding (MOU) should be prepared noting any revisions made during negotiations and signed by both negotiators. A separate MOU could be prepared for the major subcontractors if deemed necessary by the principles. Any revisions made to the modification during negotiations must be added to the final SF30.

d. If the settled price is within the ACO authority, the prepared SF30 is signed by the ACO, and a Notice to Proceed (NTP) is sent to the contractor. If the modification is over the ACO

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authority, the complete package must be sent to Construction Division, then to the Contract Review Board and on to the CO for signature. An NTP is given to the contractor by the District.

2. Procedure - Bilateral Modification.

- a. Resident Engineer or others (Initiator).
 - (1) Identify need for modification.
 - (2) Evaluate need for Engineering design services.
 - (3) Prepare description, sketches, etc.
 - (4) Forward to Area Office Engineer
and/or
Forward to District for design.

**Engineering design services are coordinated by the District. Upon completion of design, all scope, specification and drawing changes will be provided to Area Office Engineer.
- b. Area Office Engineer (Preparer).
 - (1) Get Mod number and set up budget \$ (CMS).
 - (2) Review write-up & sketches.
 - (3) Type RFP (CMS).
 - (4) Send RFP to contractor.
 - (5) Prepare or review independent GE.
- c. Contractor (Proposer).
 - (1) Receive RFP.
 - (2) Prepare cost and schedule proposal.
 - (3) Submit proposals to Area Engineer.
- e. Area Office Engineer (Reviewer).
 - (1) Review and compare proposal to GE (spreadsheet).
 - (2) Do Technical Analysis.
 - (3) Revise GE and Budget \$, if necessary (CMS).
 - (4) Prepare Negotiation Objectives.
 - (5) Get ready to negotiate.
- f. Area Office Engineer & Contractor (Negotiators).
 - (1) Negotiate.
 - (2) Settle cost and time.
 - (3) Sign MOU.
 - (4) Prepare 191C, if necessary.
- g. Area Office Engineer (Executor).
 - (1) Commit funds.
 - (2) Write PNM and put mod package together.
 - (3) Receive Commitment Document.

- (4) Prepare Standard SF30 for ACO signature
or
Prepare and send mod package to Contract Review
Board and CO for signature.
- h. ACO or CO (Signatories).
 - (1) Sign SF30.
 - (2) Obligate funds (CMS).
 - (3) Send modification (NTP) to contractor for signature.
- i. Contractor (Acknowledger).
 - (1) Sign SF30.
 - (2) Return signed SF30 to Area or District.

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1 Oct 96

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		CONTRACT ID CODE	PAGE OF PAGES
2. AMENDMENT/MODIFICATION NO. P00016	3. EFFECTIVE DATE 10 Jan 1996	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (if applicable)
6. ISSUED BY U.S. Army Corps of Engineers Rocky Mountain Area 2032 N. Academy Blvd. Colorado Springs, CO 80914-0126	7. ADMINISTERED BY (if other than item 6) CONTRACT FOR: ADAL Integration Support Facility Peterson AFB, CO	CODE	
3. NAME AND ADDRESS OF CONTRACTOR (No., street, county, state and ZIP Code) Building Constructors, Inc. P.O. Box 0001 Omaha, NE 68102		(✓) 9A. AMENDMENT OF SOLICITATION NO. 9B. DATED (SEE ITEM 11) 10A. MODIFICATION OF CONTRACTS/ORDER NO. DACA45-95-C-0108 10B. DATED (SEE ITEM 13) 950830	
CODE		FACILITY CODE	
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS			
<input type="checkbox"/> The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.			
12. ACCOUNTING AND APPROPRIATION DATA (if required) 5743300 408-8061 P321 S25066 BAAN-AYA Peterson AFB, CO-94-MCAF KA49159012A100 (NT) \$1,821.00			
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.			
(✓) A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. Contract Clause No. 97 "Changes"			
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).			
C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:			
D. OTHER (Specify type of modification and authority)			
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input checked="" type="checkbox"/> is required to sign this document and return _____ copies to the issuing office.			
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) The contractor shall provide all plant, labor and materials, and perform all work necessary to accomplish the following described work.			

Continued on Page 2

Except as provided herein, all terms and conditions of the document referenced in item 3A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) 15B. CONTRACTOR/OFFEROR		15A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Harvey L. Robinson Administrative Contracting Officer	
15C. DATE SIGNED 15D. UNITED STATES OF AMERICA		15E. DATE SIGNED 10 January 1996	
(Signature of person authorized to sign)		(Signature of Contracting Officer)	

NSN 7540-01-152-3070
PREVIOUS EDITION UNUSABLE

30-105-02

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

USAPPC V1.00

Figure B-1

Contract DACA45-95-C-0108
Page 2 of 2
Modification P00016
(Block 14. Description of Change, Continued)

1. SCOPE: Add Hose Bib.
2. SPECIFICATION CHANGES: NONE
3. DRAWING CHANGES: (Revised But Not Reissued)

Drawing AC610-31-02, Sheet 1M-12, add one hose bib in the mechanical courtyard. Coordinate the exact location with the Government Field Representative.

SAMPLE

CONTRACT PRICE

Due to the changes described herein, the contract price will be adjusted and is designated for payment purposes as follows:

Mod		Unit	Amount
<u>Item No.</u>	<u>Description</u>	<u>Unit Price</u>	<u>Increase</u>
68M-2	Add Hose Bib	Job L.S.	\$4,482.00

The contract time remains unchanged.

A separate completion date of 23 February 1994, with no liquidated damages, is established for this modification only.

It is understood and agreed that the adjustment to the contract price and time for performance set forth herein is inclusive of all costs and delay(s) incurred by the contractor as a consequence of this modification. Such costs include, but are not limited to, those for labor, materials, equipment, delay, labor, inefficiency, extended field overhead, and extended and/or unabsorbed home office overhead. Notwithstanding the foregoing, costs incurred by the contractor as the result of the cumulative effects of the issuance of modifications are not included herein.

Figure B-1 (Cont.)

DM 415-1-4
APP B
1 Oct 96

PRICE NEGOTIATION MEMORANDUM

Project
ADAL SEWAGE LAGOON/
LIFT STATION UPGRADE
MINOT AFB, ND

Contract Number
DACA45-93-C-0198

Modification No.
P00018

NECESSITY FOR THE CHANGE:

SAMPLE

Additional grading and slope protection is required to minimize erosion due to the greater flow of having two 24" diameter pipes flowing into the ditch instead of the previous one 14" diameter pipe.

THERE ARE NO DAMAGES TO THE GOVERNMENT. Design Deficiency

RECORD OF NEGOTIATIONS:

The contractor was sent a request for proposal on 14 October 1994, with a proposal due date of 28 October 1994. The contractor submitted his proposal with his serial letter 0198-64, dated 25 October 1994. The amount of the contractor's proposal was \$2,022 increase, with no change in contract time.

In telephone negotiations held on 25 October 1994 between contractor's representative John Doe and Government representative Ed Field, the contractor's proposal was reviewed in detail and accepted as fair and reasonable. Accordingly, a Memorandum of Understanding was signed by contractor's representative John Doe and Government representative Ed Field on the same date.

This modification does not impact the contract completion date, therefore, no time extension is justified.

Taking into consideration the scope and scheduling of the work, current pricing on labor and materials and other pertinent factors, the contractor's proposal of \$2,022 increase in contract price and no change in contract time, is considered fair and reasonable.

Edward A. Field, P.E.

DATE	TYPED NAME & TITLE OF GOVT REP	SIGNATURE
------	--------------------------------	-----------

Figure B-2

3. "Two-part" modification. When it is necessary to change the contract and keep the job going and it is considered to be in the Government's best interest to do so, we can issue a change order (NTP) and settle price and time later. The first part is the NTP and the second part is the final settled price and time, thereby the name two-part mod. In a PNM for the first part of a two-part modification, we have a complete description of the necessity and reason for change and an explanation of why we need an immediate NTP under the record of negotiations part. The PNM for the second part of the two-part mod makes reference to the first part for the necessity and reason for change and has a complete record of negotiations that details how the final price was negotiated.

a. After the RFP is issued and the contractor is working on his proposal, the Government determines that an immediate NTP is needed in order to keep the contract on schedule. This is accomplished by forwarding a D & F for Unpriced Change Orders to the District for approval, preparing a Government Estimate for the work to be ordered and then issuing an SF 30 as an NTP not to exceed the amount of the GE and a pay item of no more than 50 percent of the GE until a proposal is received and then it can go to 75 percent of the GE.

b. It is important to keep the pressure on the contractor to submit his proposal so that negotiations can take place and a settlement can be reached. If, after negotiations have begun and there are good reasons that a settlement cannot be reached in a reasonable period of time and it is recognized that the GE needs to be revised, a Modification Supplement may be issued to increase the NTE and the pay item amounts. Remember, the pay item cannot exceed 75 percent of the current GE.

c. Every effort should be made to settle the modification as soon as possible so that over-obligation of funds does not happen, which is the danger when work that is being directed is funded on the basis of an estimate of costs and not a settled price.

d. Supplements are used to issue revisions to two-part change orders. Supplement numbers are noted in the modification number format, i.e., P00068 is the basic mod, P10068 is Supplement 1, and P20068 is Supplement 2. This is so the procurement automated system can accept the mod number and still allow the use of supplements. It is anticipated that as new systems come on line, the capability to assign supplemental numbers to modifications will not be part of the programming. When this happens, a new modification number will be assigned for each supplement. The parent modification should be referenced in block 14 of the SF 30 and in CMS.

4. Procedure - Two-part modification.

- a. Resident Engineer or others (Initiator).
 - (1) Identify need for modification.
 - (2) Evaluate need for Engineering design services.
 - (3) Prepare description, sketches, etc.
 - (4) Forward to Area Office Engineer
and/or
Forward to District for design.

**Engineering design services are coordinated by the District. Upon completion of design, all scope, specification and drawing changes will be provided to Area Office Engineer.

- b. Area Office Engineer (Preparer).
 - (1) Get Mod number and set up budget \$ (CMS).
 - (2) Review write-up & sketches and type RFP (CMS).
 - (3) Send RFP to contractor.

GOVERNMENT IS NOTIFIED BY CONTRACTOR THAT THE CHANGES ARE IMPACTING THE SCHEDULE AND REQUESTS AN IMMEDIATE NTP.

- c. Area Office Engineer (2-part preparer).
 - (1) Prepare D&F for Unpriced Change Orders, (Detailed necessity & reason for two-part modification required).
 - (2) Fax to District for approval.
 - (3) Prepare detailed, independent GE.
 - (4) Prepare PNM.
 - (5) Commit funds.
 - (6) Issue SF30, NTP with not-to-exceed amount.
 - (7) Revise GE, and NTE amount by supplement, if required.
- d. Contractor (Proposer).
 - (1) Receive SF30, begin mod work.
 - (2) Prepare cost and schedule proposal and submit to AE.
- e. Area Office Engineer (Reviewer).
 - (1) Compare proposal to GE (spreadsheet).
 - (2) Do Technical Analysis and revise GE (if req'd) (CMS).
 - (3) Prepare Negotiation Objectives.
- f. Area Office Engineer & Contractor (Negotiators).
 - (1) Negotiate, settle cost and time and sign MOU.

- g. Area Office Engineer (Executor).
 - (1) Commit funds.
 - (2) Write PNM and put mod package together.
 - (3) Prepare final mod Supplement SF30 for ACO signature
or
Prepare and send mod package to Contract Review
Board and CO for signature on final Supplement.
- h. ACO or CO (Signatories).
 - (1) Sign SF 30, final Supplement and obligate funds.
 - (2) Send final Supplement to contractor for signature.
- i. Contractor (Acknowledger).
 - (1) Sign SF 30.
 - (2) Return signed SF30 to Area or District.

DM 415-1-4
APP B
1 Oct 96

DETERMINATION AND FINDINGS (D&F) FOR
UNPRICED (TWO-PART) CHANGE ORDERS

CONTRACT NO. DACA45-93-C-0142

LOCATION BUCKLEY ANG BASE, CO

MODIFICATION NO. P00068

SAMPLE

1. REASON WHY AN IMMEDIATE NTP IS REQUIRED:

Raised Floor, demountable partitions and systems furniture are currently being installed. An immediate NTP is required to minimize tearout and potential impact costs. Mechanical and electrical under the floor will have to be revised. Delay could impact the scheduled completion date.

2. GOVERNMENT ESTIMATE \$ 80,000 NOT TO EXCEED AMOUNT \$ 40,000

3. DEFINITIZATION SCHEDULE:

DATE PROBLEM IDENTIFIED	NTP DATE*	PROPOSAL DATE*	SETTLEMENT DATE*	PROPOSAL DATE PLUS 180 DAYS*
11 Jan 95	27 Jan 95	15 Feb 95	1 May 95	12 Aug 95

* Estimated

4. WHY (IF ANY) ARE THERE DEVIATIONS TO THE ABOVE SCHEDULE?
The final settlement of this modification was on 1 June 1995.
This was due to the complexity of the modification and late user changes.

5. APPROVALS:

(Field Office Engineer)
PREPARED BY: _____

Date

(Admin. Cont. Officer)
REVIEWED BY: _____

Date

(Chief, Const. Div.)
APPROVED BY: _____

Date

Figure B-3

DM 415-1-4
APP B
1 Oct 96

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		CONTRACT ID CODE	PAGE OF PAGES 1 3
2. AMENDMENT/MODIFICATION NO. P00068	3. EFFECTIVE DATE 27 January 1995	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)
6. ISSUED BY U.S. Army Corps of Engineers Rocky Mountain Area 2032 N. Academy Blvd. Colorado Springs, CO 80909-1506		7. ADMINISTERED BY (If other than item 6) CONTRACT FOR: Additions to Aerospace Data Facility, Operations Building Buckley ANG, CO	
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) Building Constructors, Inc. P.O. Box 0001 Omaha, NE 68102		9A. AMENDMENT OF SOLICITATION NO. 3B. DATED (SEE ITEM 11) 10A. MODIFICATION OF CONTRACTS/ORDER NO. DACA45-93-D-0142 10B. DATED (SEE ITEM 11) 930728	
CODE		FACILITY CODE	
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS			
<input type="checkbox"/> The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.			
12. ACCOUNTING AND APPROPRIATION DATA (If required) 5723300 208-8061 P321 CRWU S25066 BAAN-FAA Buckley ANG-92-MCAF KA250069012A100 (NT) \$40,000.00			
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.			
<input checked="" type="checkbox"/> A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. Contract Clause No. 91 "Changes" <input type="checkbox"/> B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b). <input type="checkbox"/> C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: <input type="checkbox"/> D. OTHER (Specify type of modification and authority)			
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input checked="" type="checkbox"/> is required to sign this document and return _____ copies to the issuing office.			
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) The contractor shall provide all plant, labor and materials, and perform all work necessary to accomplish the following described work.			

Continued on Page 2

Except as provided herein, all terms and conditions of the document referenced in item 3A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Harvey L. Robinson Administrative Contracting officer		
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA	16C. DATE SIGNED
_____ (Signature of person authorized to sign)		BY _____ (Signature of Contracting Officer)	

NSN 7540-01-152-8070
PREVIOUS EDITION UNUSABLE

30-105-02

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

USAPPC 1/100

Figure B-4

B-11

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APP B
1 Oct 96

Modification No. P00068
Contract No. DACA45-93-C-0142
Page 2, Continuation of Paragraph 14

SAMPLE

1. SCOPE: Revise Floor Plan
2. SPECIFICATION CHANGES: None
3. DRAWING CHANGES: (Revised but not Reissued) Dwg AF 131-20-05

3.1 Sheet M-114, Basement Area "E":

3.1.1 Delete CRAC-92-1, 2, and 5 with associated piping, power, and controls. Revise piping on M-101 accordingly.

3.1.2 Rework ceiling and floor openings at CRAC units to match adjacent areas.

3.1.3 Add a new VAV-92-655 for a total flow of 1280 CFM. New VAV will be similar to VAV-92-630. Update equipment schedule on M-608 accordingly.

3.1.4 Add TE-655 to RG-1 return air boot.

3.1.5 Add eight (8) new supply diffusers SD-2-160, 24"x24"-6" as shown on Sketch P/68-2, dated 5 Jan 95. Add supporting ductwork and balance dampers as shown on the Sketch P/68-1, dated 5 Jan 95.

3.1.6 Switch the positions of the RG-1's housing the temperature elements TE-602 and TE-604 with the existing RG-1's. Rewire controls.

3.2 Sheet M-216, First Floor Area "G":

3.2.1 Delete CRAC-92-64 with associated piping, power, and controls. Revise piping on M-203 accordingly.

3.2.2 Rework ceiling and floor openings at CRAC units to match adjacent areas

(Continued on page 3)

Figure B-4 (Cont.)

DM 415-1-4
APP B
1 Oct 96

Modification No. P00068
Contract No. DACA45-93-C-0142
Page 3, Continuation of Paragraph 14

Contractor is directed to proceed with Modification P00068.

Pending negotiations of a firm price and issuance of a formal supplement to this change order, the cost of the work to be performed will not exceed \$40,000.00 without prior approval of the Contracting Officer.

It is further understood and agreed that a Supplemental Order will be issued containing final adjustment in the contract time and price at a later date, if required.

*****END*****

SAMPLE

Figure B-4 (Cont.)

DM 415-1-4
APP B
1 Oct 96

PRICE NEGOTIATION MEMORANDUM

PROJECT:	CONTRACT NO	MODIFICATION NO.
Addn to Aerospace Data Fac. Operations Building Buckley ANG Base, Colorado	DACA45-93-C-0142	P00068

NECESSITY FOR CHANGE:

Reference letter from the Air Force dated 11 January 1995. The Air Force requested that the contract be modified to revise the floor plan in the Operations facility.

SAMPLE

Using Service Request.

RESUME OF NEGOTIATIONS:

An immediate notice to proceed is needed due to the reasons listed below:

Raised floor, demountable partitions and systems furniture are currently being installed. An immediate NTP is required to minimize tear out and potential impact costs. Mechanical and electrical under the floor will have to be revised. Delay could impact the scheduled completion date.

A meeting was held at the Buckley Office on 11 January 1995 to discuss the scope of work. Representatives from the systems furniture supplier pointed out that there will be a long lead time for the additional furniture and the initial furniture layout is now impacted. In addition the electrical and mechanical systems will have to be revised both under the floor and above the ceiling to facilitate the new floor plan layout. It was agreed that an immediate NTP was needed to preclude substantial impacts.

An NTP NTE \$40,000.00 will allow the contractor to order the new furniture and start the electrical and mechanical work. Final negotiations will be scheduled as soon as the contractor submits his proposal.

DATE	TYPED NAME & TITLE OF GOVT REP	SIGNATURE
	Edward A. Field, P.E.	

Figure B-5

DM 415-1-4
APP B
1 Oct 96

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE		PAGE OF PAGES 1 2	
2. AMENDMENT/MODIFICATION NO. P10068		3. EFFECTIVE DATE 21 February 1995		4. REQUISITION/PURCHASE REQ. NO.	
5. PROJECT NO. (if applicable)		6. ISSUED BY U.S. Army Corps of Engineers Rocky Mountain Area 2032 N. Academy Blvd. Colorado Springs, CO 80909-1506		7. ADMINISTERED BY (if other than item 5) CONTRACT FOR: Additions to Aerospace Data Facility, Operations Building Buckley ANG, CO	
8. NAME AND ADDRESS OF CONTRACTOR (No. street, town, State and ZIP Code) Building Constructors, Inc. P.O. Box 0001 Omaha, NE 68102		9A. AMENDMENT OF SOLICITATION NO.		9B. DATED (SEE ITEM 11)	
SAMPLE		10A. MODIFICATION OF CONTRACTS/ORDER NO. DACA45-93-C-0142		10B. DATED (SEE ITEM 11) 930728	
		11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS			
<input type="checkbox"/> The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.					
12. ACCOUNTING AND APPROPRIATION DATA (if required) See 14. Below					
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.					
<input checked="" type="checkbox"/> A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. Contract Clause No. 91 "Changes" <input type="checkbox"/> B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b). <input type="checkbox"/> C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: <input type="checkbox"/> D. OTHER (Specify type of modification and authority)					
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input checked="" type="checkbox"/> is required to sign this document and return _____ copies to the issuing office.					
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) 5723300 208-8061 P321 CRWU S25066 BAAN-FAA Buckley ANG-92-MCAF KA250069012A100 (NT) \$100,000.00 for a total of \$140,000.00. This is Supplement 1 to Modification P00068. Reference Modification No. P00068, with NTP dated 27 January 1995 which provided that the cost of the work would not exceed \$40,000.00. This supplement increases the not to exceed to \$140,000.00.					

Continued on Page 2

Except as provided herein, all terms and conditions of the document referenced in item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) John A. Haskall, Jr.		15B. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) John A. Haskall, Jr.	
15B. CONTRACTOR/OFFEROR _____ (Signature of person authorized to sign)	15C. DATE SIGNED _____ BY	15D. UNITED STATES OF AMERICA _____ (Signature of Contracting Officer)	15E. DATE SIGNED 21 Feb 1995

NSN 7540-01-152-3070
PREVIOUS EDITION UNUSABLE

30-105-02

STANDARD FORM 30 REV 10-83
Prescribed by GSA
FAR (48 CFR) 53.243
USAPPC 11 00

Figure B-6

DM 415-1-4
APP B
1 Oct 96

Modification No. P10068
Contract No. DACA45-93-C-0142
Page 2, Continuation of Paragraph 14

CONTRACT PRICE:

Due to the changes described herein, the contract price will be adjusted and is designated for payment purposes as follows:

Mod		Unit	Amount
<u>Item No.</u>	<u>Description</u>	<u>Unit Price</u>	<u>Increase</u>
68M-2	Revise Floor Plan (Interim Payment)	Job L.S.	\$70,000.00

Pending negotiations of a firm price and issuance of a formal supplement to this change order, the cost of the work to be performed will not exceed \$140,000.00 without prior approval of the Contracting Officer.

It is further understood and agreed that a Supplemental Order will be issued containing final adjustment in the contract time and price at a later date, if required.

*****END*****

SAMPLE

DM 415-1-4
APP B
1 Oct 96

PRICE NEGOTIATION MEMORANDUM

PROJECT:	CONTRACT NO.	MODIFICATION
NO. Addn to Aerospace Data Fac. Operations Building Buckley ANG Base, Colorado	DACA45-93-C-0148	P10068

NECESSITY FOR CHANGE:

Reference Modification P00068, dated 27 January 1995 which provided a not to exceed amount of \$40,000. This supplement revises the NTE amount to \$140,000 and provides an interim pay item of \$70,000. This is required to keep the job going and avoid impacts to the schedule. A pay item of 50% of the GE is necessary to avoid finance charges for the mod equipment.

SAMPLE

RESUME OF NEGOTIATIONS:

Raised floor, demountable partitions and systems furniture are currently being installed. An increase in the not to exceed amount is required to minimize tear out and potential impact costs. Mechanical and electrical under the floor will have to be revised. NTP for the procurement of these items will avoid impacts to the schedule.

	Edward A. Field, P.E.	
DATE	TYPED NAME & TITLE OF GOVT REP	SIGNATURE

Figure B-7

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DM 415-1-4
APP B
1 Oct 96

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE	PAGE OF PAGES 1 2
2. AMENDMENT/MODIFICATION NO P20068	3. EFFECTIVE DATE 23 Jun 1995	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)
6. ISSUED BY U.S. Army Corps of Engineers Rocky Mountain Area 2032 N. Academy Blvd. Colorado Springs, CO 80909-1506	CODE	7. ADMINISTERED BY (If other than Item 5) CONTRACT FOR: Additions to Areospace Data Facility, Operations Building Buckley ANG, CO	CODE
8. NAME AND ADDRESS OF CONTRACTOR (No., street, country, State and ZIP Code) Building Constructors, Inc. P.O. Box 0001 Omaha, NE 68102		9A. AMENDMENT OF SOLICITATION NO. <input checked="" type="checkbox"/> 9B. DATED (SEE ITEM 11) 10A. MODIFICATION OF CONTRACTS/ORDER NO. DACA45-93-C-0142 10B. DATED (SEE ITEM 13) 930728	
CODE		FACILITY CODE	
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS			
<input type="checkbox"/> The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.			
12. ACCOUNTING AND APPROPRIATION DATA (If required) See 14. Below			
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.			
<input checked="" type="checkbox"/> A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. Contract Clause No. 91 "Changes"			
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).			
C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:			
D. OTHER (Specify type of modification and authority)			
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input checked="" type="checkbox"/> is required to sign this document and return _____ copies to the issuing office.			
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) 5723300 208-8061 P321 CRWU S25066 BAAN-FAA Buckley ANG-92-MCAF KA250069012A100 (NT) \$292,566.00 for a total of \$432,566.00 This is Supplement 2 to Modification No. P00068. Reference Modification P10068 dated 21 February 1995, which provided that a supplement would be issued to finalize all costs and time.			
Continued on Page 2			
Except as provided herein, all terms and conditions of the document referenced in Item 3A or 10A, as heretofore changed, remains unchanged and in full force and effect.			
15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) John A. Haskell, Jr.	
15B. CONTRACTOR/OFFEROR (Signature of person authorized to sign)	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA BY (Signature of Contracting Officer)	16C. DATE SIGNED 23 Jun 1995
NSN 7540-01-152-8070 PREVIOUS EDITION UNUSABLE		30-105-02	STANDARD FORM 30 (REV. 10-83) Prescribed by GSA FAR (48 CFR) 33.243

Figure B-8

Modification No. P20068
Contract No. DACA45-93-C-0142
Page 2, Continuation of Paragraph 14

CONTRACT PRICE:

Due to the changes described herein, the contract price will be adjusted in the amount of \$362,566.00 increase for a total amount of \$432,566.00 for this modification, and is designated for payment purposes as follows:

Mod		Unit	Amount
<u>Item No.</u>	<u>Description</u>	<u>Unit Price</u>	<u>Increase</u>
68M-3	Revise Floor Plan	Job L.S.	\$362,566.00

CONTRACT TIME:

SAMPLE

The contract time remains unchanged.

It is understood and agreed that the adjustment to the contract price and time for performance set forth herein is inclusive of all costs and delay(s) incurred by the contractor as a consequence of this modification. Such costs include, but are not limited to, those for labor, materials, equipment, delay, labor inefficiency, extended field overhead, and extended and/or unabsorbed home office overhead. Notwithstanding the foregoing, costs incurred by the contractor as the result of the cumulative effects of the issuance of modifications are not included herein.

*****END*****

DM 415-1-4
APP B
1 Oct 96

PRICE NEGOTIATION MEMORANDUM

PROJECT:	CONTRACT NO.	MODIFICATION NO.
Addn to Aerospace Data Fac.	DACA45-93-C-0142	P20068
Operations Building		
Buckley ANG Base, Colorado		

NECESSITY FOR CHANGE: This is Supplement 2 to P00068.

Reference letter from the Air Force dated 11 January 1995. The Air Force requested that the contract be modified to revise the floor plan in the Operations facility. Also reference P00068 and P00068 Supp 1. USING SERVICE REQUEST

RESUME OF NEGOTIATIONS:

Modification P00068 was issued with a notice to proceed not to exceed \$40,000.00. This was to allow the contractor to start procurement of modification materials. Modification P00068 Supp 1 was issued with a notice that costs are not to exceed an additional \$100,000.00 to minimize tear out and schedule impact. Modification P00068 Supp 2 addresses the final settlement for this modification. Contractor's proposal was received on 15 Feb 95. A price/technical analysis was completed by (COE) representative, Mr. Ed Field.

EFP designed the revised fire sprinkler layout to comply with the coverage required by the NFPA. Mr. Field concurred with the square footage and revised sprinkler head location proposed by the contractor. The proposed labor and material unit prices were fair and reasonable. Indirect mark ups for overhead and profit were consistent with previous settlements and were accepted as proposed. Scope of work and pricing were comparable to those listed in the Government estimate.

IS wall take-off of the deleted and added wall sections was a credit of \$500.00. The GE showed a net add of 3600 square feet of wall. The contractors proposal more accurately reflects the actual work involved and the credit for this item was accepted without revision. The GE was revised to reflect the actual quantities.

ABC Mechanical included deleting the installation of several CRAC units and relocation of others. Revision of existing ductwork, additional new ductwork, insulation and balancing was also required. Mr. Field concurred with the contractors items of work. The price analysis found the quantities and unit prices fair and reasonable.

(Continued on page 2)

Figure B-9

B-20

(Page 2)

Proposed mark ups for overhead and profit were also reasonable and the contractors costs were accepted without revision. Scope of work and pricing was comparable to the GE.

S. Furniture included an additional 42 workstations in their proposal which was found to be the actual amount required for this change. The original GE only had 16 workstations and did not include costs for design and reproduction. Unit prices listed in the GE were higher than what was proposed by the contractor. The contractors unit prices reflect quantity and GSA discounts. The contractors direct costs as well as the proposed mark up for overhead and profit were fair and reasonable and were accepted without revision. The GE was revised to reflect actual quantities and discounted unit prices.

Acoustical and interior labor and material quantities and unit prices were fair and reasonable. A math error was found in the contractors proposal and corrected. Although the proposal was somewhat lower than the GE, the two were comparable and the contractors proposal was accepted as corrected.

A large discrepancy existed between the electrical proposal and the GE. Mr. Field met with the subcontractor on 17 February 1995 at the Buckley project office. Mr. Doe explained the labor and material take off based on his interpretation of the added scope of work. Mr. Field concurred with Mr. Doe's interpretation and quantity take off. A price analysis completed by Mr. Field verified that all the unit costs included in the proposal were fair and reasonable. Other trades who are performing on going work will be affected by this change since tear out, re-work and additional electrical are required.

In order to stay on schedule and avoid paying impact costs, a portion of this work will be on an overtime basis including weekends using a ten man crew.

AC Systems proposed quantities of raised floor panels and carpet edging was verified in the field. The GE for this item was high as it intended that the contractor utilize the spare raised floor panels purchased under the basic contract. However, this modification was not clear on this point and the contractor ordered 48 new panels which negated the utilization of the contract spares. Labor, material, overhead and profit were fair and reasonable. The GE was revised to reflect the quantity discrepancy. (Continued on page 3)

Figure B-9 (Cont.)

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(Page 3)

The items listed in SP Systems were questioned by Mr. Field. Additional breakdown for labor and material was requested by Mr. Field. Mr. Field reviewed the additional back up and found the original GE did not address all of the affected VAV units or the controls required by this change. The GE was revised to include these items.

ABC proposed items of work were reviewed and found that the original GE did not include costs for as-builts, security monitors, floor protection and floor penetrations. The contractors proposal reflected the two monitors required for the overtime work. The remaining items of work as well as quantities and unit prices were fair and reasonable. Proposed percentages for profit and bond were acceptable.

The contract schedule was reviewed. Mr. Doe stated that as long as overtime is authorized for electric and the security monitors, the contract completion date would not be impacted and no extended overhead costs would be incurred. A comparative analysis was made on overtime vs. extended overhead and it was found that, in this case, it is in the best interest of the government to work the overtime and maintain the present contract completion date.

A settlement was reached on 1 June 95 for a total amount of \$432,566.00 (P00068, P10068 & P20068) and no change in contract time.

SAMPLE

<u>Edward A. Field, P.E.</u>		
DATE	TYPED NAME & TITLE OF GOVT REP	SIGNATURE

Figure B-9 (Cont.)

1 Oct 96

5. Unilateral Modification. This is a change ordered by the contracting officer and does not require an agreement nor does it require the signature of the contractor. It is used to issue administrative modifications and to direct changes where an agreement on price and time could not be reached.

a. The changes clause (FAR 52.243-4) states, in part, that the CO may, at any time during the contract, make changes to or accelerate the work within the general scope of the contract and, if required, provide an equitable adjustment thereto.

b. In discussing a change where a price and/or time agreement could not be reached, the funds are ordered (through CMS) and, based on the price set forth in the government estimate, the SF 30 is prepared for the CO or ACO signature. The date the change order is signed by the CO or ACO is the effective and NTP date of the modification. The signed modification is forwarded and the contractor is directed to proceed with the modification work. The absence of the contractor's signature only means that he is not in full agreement with the Government estimate of the cost of the work described in the modification. He cannot refuse to do the work or he is in default. He can, however, appeal this action through the disputes clause of the contract.

c. The unilateral modification without an agreement may someday become a claim and will have to be addressed as a claim at that time. The position taken by the Government and the estimate of the cost and time to do the work must be on solid ground for the Government to prevail in its unilateral position. For this reason a detailed and concise cost and time estimate must be the basis for the Government's unilateral position.

6. Procedure - Unilateral Modifications

- a. Resident Engineer or others (Initiator).
 - (1) Identify need for modification.
 - (2) Evaluate need for Engineering design services.
 - (3) Prepare description, sketches, etc.
 - (4) Forward to Area Office Engineer and/or Forward to District for design.

**Engineering design services are coordinated by the District. Upon completion of design, all scope, specification and drawing changes will be provided to Area Office Engineer.

- b. Area Office Engineer (Preparer).
 - (1) Get Mod number and set up budget \$ (CMS).
 - (2) Review write-up & sketches and type RFP (CMS).
 - (3) Send RFP to contractor.
- c. Contractor (Proposer).
 - (1) Receive RFP.
 - (2) Prepare cost and schedule proposal and submit to AE.
- d. Area Office Engineer (Reviewer).
 - (1) Review and compare proposal to GE (spreadsheet).
 - (2) Do Technical Analysis and revise GE (if reqd) (CMS).
 - (3) Prepare Negotiation Objectives.
 - (4) Get ready to negotiate.
- e. Area Office Engineer & Contractor (Negotiators).
 - (1) Negotiate.
 - (2) Attempt to settle cost and time.
 - (3) Exit negotiations without settlement.

CONTRACTOR AND GOVERNMENT ARE UNABLE TO ARRIVE AT A SETTLEMENT FOR COST AND/OR TIME.

- f. Area Office Engineer (Executor).
 - (1) Commit funds based on GE.
 - (2) Write PNM explaining why agreement could not be reached.
 - (3) Prepare unilateral mod package.
 - (4) Prepare SF 30 for ACO signature
or
Forward unilateral mod package to Contract review board and CO for signature.

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- g. ACO or CO (Signatories).
 - (1) Sign Form 30.
 - (2) Obligate funds.
 - (3) Send copy of signed mod to contractor (NTP).
- h. Contractor (Acknowledger).
 - (1) Receive unilateral Form 30.
 - (2) Proceed with mod work.
 - (3) File claim if appropriate.

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AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		CONTRACT ID CODE	PAGE OF PAGES
2. AMENDMENT/MODIFICATION NO. P00006	3. EFFECTIVE DATE 30 Nov 1994	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)
6. ISSUED BY U.S. Army Corps of Engineers Rocky Mountain Area 2032 N. Academy Blvd. Colorado Springs, Co 80909-1506	CODE	7. ADMINISTERED BY (If other than item 4) CONTRACT FOR: Central Energy Plant/Facility Engineering Compound Fitzsimons AMC, CO	CODE
3. NAME AND ADDRESS OF CONTRACTOR (No. street, country, State and ZIP Code) Building Constructors, Inc. P.O. Box 0001 Omaha, NE 68102		(✓) 3A. AMENDMENT OF SOLICITATION NO.	
SAMPLE		9B. DATED (SEE ITEM 11)	
		10A. MODIFICATION OF CONTRACTS/ORDER NO. X DACA45-94-C-0077	
		10B. DATED (SEE ITEM 13) 940510	
CODE		FACILITY CODE	
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS			
<input type="checkbox"/> The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.			
12. ACCOUNTING AND APPROPRIATION DATA (If required) 5723300 208-8061 P321 CRWU S25066 BAAN-FAA Buckley ANG-92-MCAF KA250069012A100 (NT) \$93,152.00 Credit			
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.			
(✓) A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. X Contract Clause No. 93 "Changes"			
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).			
C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:			
D. OTHER (Specify type of modification and authority)			
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input checked="" type="checkbox"/> is required to sign this document and return _____ copies to the issuing office.			
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) The contractor shall provide all plant, labor and materials, and perform all work necessary to accomplish the following described work.			

Continued on Page 2

Except as provided herein, all terms and conditions of the document referenced in item 3A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Harvey L. Robinson Administrative Contracting Officer	
15B. CONTRACTOR/OFFEROR Signature of person authorized to sign	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA BY Signature of Contracting Officer	16C. DATE SIGNED

NSN 7540-01-152-8070
PREVIOUS EDITION UNUSABLE

30-105-02

STANDARD FORM 30 REV 10-83
Prescribed by GSA
FAR 43 CFR 33.243

USAPPC V1 20

Figure B-10

Modification No. P00006
Contract No. DACA45-94-C-0077
Page 2, Continuation of Paragraph 14

1. SCOPE: Revise length of CLT2 and Utilities
2. SPECIFICATION CHANGES: None
3. DRAWING CHANGES:

SAMPLE

3.1 (New) The following contract drawings are issued with this modification and designated P-6.

3.1.1 Drawing 218-85-02, Sheets C0.020 and C2.050

3.2 (Revised and Reissued) The following revised contract drawings are reissued with this modification, designated P-6, with a revision date of 1 Sep 94:

3.2.1 Drawing F821-16-01, Sheets C2.070, C3.010, C3.020, C4.040, C.041, C4.060 and M8.101.

CONTRACT PRICE:

Due to the changes described herein, the contract price will be adjusted and is designated for accounting purposes as follows:

<u>Mod</u> <u>Item No.</u>	<u>Description</u>	<u>Unit</u> <u>Unit</u>	<u>Amount</u> <u>Price</u>	<u>Decrease</u>
6M-1	Revise length of CLT1 and Utilities	Job	L.S.	\$93,152.00

CONTRACT TIME remains unchanged.

It is understood and agreed that the adjustment to the contract price and time for performance set forth herein is inclusive of all costs and delay(s) incurred by the contractor as a consequence of this modification. Such costs include, but are not limited to, those for labor, materials, equipment, delay, labor inefficiency, extended field overhead, and extended and/or unabsorbed home office overhead. Notwithstanding the foregoing, costs incurred by the contractor as the result of the cumulative effects of the issuance of modifications are not included herein.
*****END*****

Figure B-10 (Cont.)

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PROJECT:	CONTRACT NO.	MODIFICATION NO.
Central Energy Plant/Fac. Engineering Compound	DACA45-94-C-0077	P00006
Fitzsimons AMC, Colorado		

NECESSITY FOR CHANGE:

The final site of the new hospital has been selected. To better align the tunnels with the future site, CTL1 can be moved east approximately 60 feet. The result is a better aligned tunnel and contract savings.

SAMPLE

Change in criteria

RESUME OF NEGOTIATIONS:

On 14 Nov 94, the contractor submitted a proposal for an additional \$57,464 for Mod P0006. The primary reason for the increased price was for alleged impacts due to a telephone line interference and some soil contamination. The government's position is that these issues are not within the scope of the changes in this modification and the contractor was requested to remove these costs from this proposal and resubmit for only the work described in the modification. The contractor stated that the changes to CTL1 would be made without a NTP on the modification. The government directed the contractor to make no changes without a signed modification.

On 23 Nov 94 the contractor offered a revised proposal for a credit of \$62,000 having removed the impact costs. This revised proposal is not acceptable and the contractor again revised his proposal to \$66,000 credit. This also was not accepted. The government's estimate for the work deleted by this modification is \$93,152 credit for the work deleted or changed by this modification. The final offer from the contractor stood at \$66,000. Negotiations broke down and it was apparent that an agreement could not be reached. The contractor was informed that the work would be directed by a unilateral modification for a credit of \$93,152.

Edward A. Field, P.E.

DATE	TYPED NAME & TITLE OF GOVT REP	SIGNATURE
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Figure B-11

DM 415-1-4
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1 Oct 96

Office Engineering Branch

Serial No. 64

SUBJECT: Contract No. DACA45-94-C-0077, Central Energy Plant
/Facility Engineering Compound. Fitzsimons AMC, CO.
(Modification P00006)

SAMPLE

Building Constructors, Inc.
P.O. Box 0001
Omaha, NE 68102

Gentlemen:

Enclosed for your records is one copy of subject modification with Notice to Proceed dated November 30, 1994.

Since an agreement could not be reached, this modification will be executed unilaterally at the government estimate for a credit of \$93,152.00.

Sincerely,

Harvey L. Robinson
Authorized Representative of
the Contracting Officer

Figure B-12

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CEMRO-CD-RM (415-10C)

MEMORANDUM FOR: Commander, Omaha District. ATTN: CEMRO-CD-C
(Mr. Henry Carroll)

SUBJECT: Contract DACA45-94-C-0077, Central Energy Plant/
Facilities Engineering Compound, Fitzsimons AMC, CO
(Modification P00006)

1. Forwarded for unilateral action is subject modification file.
2. Modification negotiations were held and mutual agreement could not be reached by the negotiating parties. The modification was signed by the Administrative Contracting Officer on November 30, 1994 and a copy was forwarded to the contractor.
3. Request you execute this modification unilaterally without the contractor's signature.

SAMPLE

John A. Doe, P.E.
Chief, Office Engineering Branch

Figure B-13